Investing for the Future of Oman
Oman Oil Company’s mission supports the goals outlined in the Sultanate’s Vision 2020 to diversify the economy by reducing dependence on oil, grow In Country Value and maximise the potential of Oman’s geographic location to reach both established and emerging markets.
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DIVERSIFIED INVESTMENTS • ECONOMIC GROWTH • STRONGER COMMUNITIES • WORKFORCE EMPOWERMENT
Introduction

Oman’s Vision 2020

Vision 2020 is the long term plan drawn up in 1995 for sustained development covering the next 25 years. This vision took into account the limited oil reserves available to the country and planned to secure Oman’s future prosperity and growth with economic and financial stability, greater private sector participation, diversification of the economic base and sources of national income, globalization of the economy and development and upgradation of the skills of the Omani workforce. It envisaged rational exploitation of oil, gas and other mineral resources, development of an industrial base, promotion of ecologically sustainable tourism, investment in education, health and overall development. Oman has made remarkable progress towards Vision 2020.

Oman Oil Company was incorporated in 1996 to pursue investment opportunities in the energy sector both inside and outside Oman. Through participation in energy and energy related projects, the Company plays an important role in the Sultanate’s efforts to diversify the Omani economy and to promote Omani and foreign private sector investment.

Mission

OOC’s Mission is to develop and invest in profitable businesses with sustainable competitive advantage in the wider energy sector, in Oman and the world, thereby maximising value from the Omani resources entrusted to OOC, creating meaningful employment and fostering talent growth and business leadership in Oman.

Vision

OOC’s Vision is to be a significant part of a strong and integrated economy in Oman, diversified both across industry sectors and geographically (domestically and internationally), which makes optimal use of Oman’s natural resources, workforce and geostrategic location.

The Company’s mandate

| Development of and investment in profitable businesses within Oman & internationally | Creation of meaningful employment within Oman | Maximisation of value from Oman’s resources | Growing talented business leaders & professionals | Diversified Investments • Economic Growth • Stronger Communities • Workforce Empowerment |
H.E. Nasser bin Khamis Al Jashmi
Undersecretary, Ministry of Finance, Sultanate of Oman
Chairman

Chairman’s Message

On Behalf of the Board of Directors, it gives me great pleasure to present the Annual Report for Oman Oil Company SAOC (OOC) for 2013.

At the end of 2012 we decided to reposition OOC to deliver “game changing growth”, with the aim of increasing OOC’s contribution to Oman’s GDP from the current 4% to 10%. More importantly, as the engine for meaningful job creation in Oman, new projects under consideration will more than double the number of employees in OOC group companies in Oman from the current 8,000.

In line with Oman’s Vision 2020, our investment strategy remains focused on long term sustainable development of the Omani economy. Every investment has a strong potential for generating In Country Value (ICV). Investments within Oman look to maximise employment opportunities through profitable ventures. International investments focus on acquiring technologies and expertise that can be deployed in Oman to further develop local industry and exploit the demand from growing markets in Asia and Africa.

In 2013 we took the first steps towards achieving our goals as we increased our contribution to the development and diversification of the Omani economy by investing a record RO 800m (USD 2b) in local and international projects, more than double the amount invested in 2012. OOC now boasts a portfolio with RO 2.65b total funds invested.

OOCEP, our upstream subsidiary, made significant progress in exploration with Blocks 42 and 60 as well as the development of the Musandam gas plant. At the end of 2013, OOCEP was granted partnership rights with BP to develop the tight gas fields in Block 61. This development, the largest new upstream project in Oman, is vital for satisfying the growing domestic gas demand over the coming decades.
and will further strengthen OOCEP’s position in Oman’s oil and gas landscape.

OOC continued to play a significant role in the development of the Duqm Special Economic Zone (SEZ) as a major industrial and logistical hub for the region. Substantial progress was made towards the projects committed for Duqm, including the Duqm Refinery, the Duqm Port Terminal Company and the OTTCO crude oil storage terminal at Ras Markaz. In addition, a Centralized Utilities Company was formed through our subsidiary Takamul to provide industrial utilities within the Duqm SEZ. OOC also successfully acquired 100% of Oman Gas Company from the Ministry of Finance, which will help us oversee the development of key pipeline projects serving Duqm and Ras Markaz. Through the development of these mega-projects and several more under consideration, OOC will support the success of Duqm SEZ, creating a wealth of job opportunities while significantly contributing to Oman’s GDP growth.

International investments in 2013 led to several firsts. Our acquisition of OXEA represented the first time OOC acquired 100% of an international asset. As a leading producer of Oxo chemicals, OXEA owns several Oxo technologies and proprietary processes that will be leveraged at the Duqm Petrochemical platform. OOC’s other significant international acquisition, equity in the GNL Quintero regasification terminal in Chile, was our first exposure in Latin America and set the foundation for OOC to continue expanding its portfolio in emerging markets.

Our diversified portfolio of investment led to improved financial performance from existing operations. Upstream assets benefited from continued high oil price realization. Salalah Methanol and OMIFCO exceeded performance expectations due to increased utilisation and favourable market conditions while OTI successfully introduced new products, increased third party trading and expanded into new geographies, with new offices opening in Rotterdam and Shanghai. OOC assets in the shipping sector continued to be affected by the shipping industry downturn, while ORPIC and BORL faced operational and market challenges. As a long-term investor, OOC is committed to supporting those assets as they execute turn around plans to return to profitability.

OOC’s success during 2013 is a testament to the stringent structures and policies in effect, which have ensured that our operations remained unaffected by the recent public prosecutions cases against executives in the oil and gas industry. We are firmly committed to upholding the highest standards of corporate governance across the entire OOC Group of Companies and have implemented numerous process and systems to strengthen control and governance.

We entered 2014 with renewed vigour to continue our journey to become a major contributor to Oman’s socio-economic development. We shall continue to seek out attractive opportunities in international markets to acquire key technologies and transferable know how within the energy value chain, and make significant progress on projects within Oman, all the while developing the leaders of tomorrow.

I would like to thank my fellow board members, the management and all employees of OOC for their continued effort and commitment that underpin OOC’s success. I would also like to express my gratitude to all our partners and stakeholders, in particular the Ministry of Finance, the Ministry of Oil and Gas, the Ministry of Commerce and Industry and SEZAD for their continued support.

H.E. Nasser bin Khamis Al Jashmi
Chairman
H.E. Nasser bin Khamis Al Jashmi
Undersecretary of the Ministry of Finance
Chairman of the Board of Directors – Oman Oil Company

H.E. Nasser bin Khamis Al Jashmi was the Undersecretary of the Ministry of Oil & Gas between 2003 and 2013 before he was appointed as the Undersecretary of the Ministry of Finance in December 2013. In his capacity as Chairman of the Board of Directors of Oman Oil Company, H.E. Al Jashmi is actively contributing to the formulation and implementation of the Sultanate’s economic diversification strategy away from the Oil & Gas sector.

In 1989, H.E. Al Jashmi was part of the Office of the Deputy Prime Minister for Financial and Economic Affairs and served in a number of roles including Financial Researcher, Director of the Department of Committees and Councils. In 1997 he was appointed as the Director General of Budgets and Contracts, before joining the Ministry of Oil & Gas in 2003. H.E. Al Jashmi is also the Chairman of the Board of Directors of the Oman Tourist Development Company (OMTAN), and Sohar International Development Company. In addition, he is a member of the Financial Affairs and Energy Resources Council, and Board of Directors at Petroleum Development Oman, State General Reserve Fund (SGRF), Civil Service Pension Fund, National Center for Statistics & Information, Oman Investment Fund and Rafid Fund.

H.E. Ahmed bin Hassan Al Dheeb
Undersecretary of the Ministry of Commerce and Industry
Board Member – Oman Oil Company

H.E. Ahmed bin Hassan Al Dheeb is the Undersecretary of the Ministry of Commerce and Industry. As a key legislator in developing the Ministry’s strategy of economic development, H.E. Al Dheeb promotes Oman’s economic objectives by ensuring effective implementation and compliance with applicable laws.

As a Board Member of Oman Oil Company, H.E. Al Dheeb plays an active role by guiding and directing the Company and its group of companies to identify potential successful investments in the energy value chain locally and internationally. His dedication is unparalleled in working towards a prosperous future for Oman. He is also on the Board of a number of entities including Oman Shipping Company, Information Technology Authority, National Records and Archives Authority, Special Economic Zone Authority Duqm, Public Authority for Craft Industries and the Research Council.

In addition to being Undersecretary of the Ministry of Commerce and Industry, H.E. Al Dheeb is the Chairman of the Public Establishment for Industrial Estates, Chairman of the Gulf Organisation for Industrial Consulting, General Manager of Oman Chamber of Commerce and Industry and Chairman of Oman Mining Company. Prior to these roles, H.E. Al Dheeb contributed to the successful operations of Rasayl Industrial Estates Authority as Technical Director.

With a Master’s degree in Industrial Development from University of East Anglia in the UK, H.E. Al Dheeb also holds a Bachelor’s of Science degree in International Engineering from University of Miami in 1989.

Sheikh Salim bin Abdullah Al Rawas
Private Sector Representative
Board Member – Oman Oil Company

Sheikh Salim is a pioneer businessman who assumes a number of active roles with various public and private business ventures. His unwavering dedication is a significant factor in the success of the organisations he is part of. Being on the Board of Directors of Oman Oil Company, he is constantly contributing in drawing and implementing the Company’s strategy to pursue investment opportunities in the wider energy value chain both inside and outside Oman.

One of Sheikh Salim’s many current responsibilities is being the Managing Director and Group CEO of Al Rawas Holding LLC, running 15 companies under the Group, with a diverse portfolio ranging from general trading and investment consulting to mining and minerals. In addition, he is the Chairman of Oman Oil Marketing Company, Chairman of Kunooz Oman Holding SAOC and serves on the Board of Galfar Engineering and Contracting Company SAOG.

Adding to his legacy of contributions to the business and education community in Oman, Sheikh Salim holds influential Board of Directors memberships at the Central Bank of Oman, Capital Market General Authority and Sultan Qaboos University. He was also a Shura Council member and Chairman of the Board of Directors of Omanflare Cattle Feed Co.

Sheikh Salim holds a Bachelor’s degree in Economics from the Beirut Arab University, Beirut, Lebanon, graduated in the academic year 1990.
In 2012, OOC began a journey to reorganise itself into a business that is primed to deliver game changing growth. The first steps were to restructure OOC into three Strategic Business Units (SBUs), each focusing on business development and asset management in chosen industry sectors, and establish the Executive Management Committee for streamlined and effective decision making.

In 2013 OOC focused on establishing the key support functions and introducing fit-for-purpose processes that enable efficient business operations and enhance corporate governance standards. OOC invested heavily in people who will shape its future success. OOC added 25 new employees taking the total number at the corporate level to 116.

OOC established the Takatuf Human Capital Unit in 2010 to fulfill the human resource and leadership development needs for the entire OOC group. In 2013, Takatuf was spun off as a separate company. This independence allows Takatuf to focus on human resource practices and strategies and provides Takatuf the ability to enter into partnerships with other service providers to establish world class training institutes. It also enables Takatuf to look beyond OOC group companies and become a champion of human resource development for the wider Omani market. Takatuf also became the custodian of In Country Value initiatives across the entire OOC group of companies.

The Enterprise Risk Management (ERM) function was established in 2013. In a very short time, the ERM team has made significant progress in implementing the necessary frameworks to capture and manage the key risks to the organisation, both at the corporate level as well as at subsidiary level. In addition, the ERM frameworks are applied to all new investments to ensure that the level of risk of any new project or venture does not exceed OOC’s stated risk appetite.

The Strategy and Performance Management (S&P) function was also
formed in 2013 to provide corporate strategic oversight and integration across the organisation. Its remit includes corporate strategic planning, corporate portfolio management, business reporting and corporate performance management using a Balanced Scorecard approach. The Value Assurance Unit of the S&P team provides systematic, independent and consistent value based reviews for all OOC projects and opportunities as they mature, using state-of-the-art industry practices and frameworks.

OOC’s financial reporting and consolidation procedures need to be world-class to support the increase in its portfolio size and complexity while integrating both new capital projects and acquisitions. As part of OOC’s aim to further improve its financial procedures and systems, it successfully implemented Oracle Hyperion Financial Consolidation solution in 2013, greatly improving efficiency and accuracy of OOC’s financial reporting.

The Internal Audit function continues to provide guidance and oversight for OOC’s processes. Over the course of 2013, Internal Audit has made numerous suggestions for process improvements that have resulted in better practices across the organisation.

OCC takes great pride in its significant role in the Omani society, and continues to be a model corporate citizen. OCC’s CSR strategy is closely aligned to OCC’s mandate of sustainable development. OCC and its Group Companies are committed to making a positive social impact for Oman through allocation of up to 3% of net profits towards CSR initiatives. These vary across environmental sustainability, investing in human capital development and elevating the quality of life of our communities. As a result of our commitment in 2013, OCC was awarded His Majesty Sultan Qaboos Award for Volunteer Work, the most prestigious award for voluntary work in the country.

OCC has begun working on a strategy to diversify the sources of funds that shall be used for attaining its ambitious investment targets. This will include obtaining a credit rating for OCC from one or more of the international credit rating agencies, engaging with local and international financial institutions for raising debt as well as raising capital from equity markets through IPOs of certain subsidiaries. In doing so, OCC will continue delivering maximum returns to its shareholder.

OCC and its Group Companies shall continue to implement various systems, processes and procedures to ensure that all those working under its umbrella, irrespective of position, act responsibly and with great accountability, transparency and integrity to maintain the highest degree of stakeholder and investor confidence as well as goodwill amongst the general public.
Oman Oil Company

At a Glance
Key Achievements

Investments

- Total Investments in 2013: RO 800 m
- Total Investments as of 2013: RO 2,665 m
- Investments in Emerging Markets: RO 900 m (35%)
- Investments in Developed Markets: RO 1,765 m (65%)

Investments in new geographies in 2013:
- OCEA in Germany
- QNL, QFlux Partnership in Turkey, CHNL

- Increased ownership of Oman Gas Company to 100%
- Total capital invested in operating companies in Oman by OOC and partners: RO 9.4b
- Total capital investment in Oman projects currently under development by OOC and partners: RO 5.2b

OOC Group Companies contribution to Oman’s GDP (2012): 4%
Total employment in Oman over 8,000 years:
Omanisation rate: 77%

Investment Breakup

- Oman: 52.3%
- Germany: 14.0%
- Hungary: 7.2%
- Spain: 7.0%
- Kazakhstan: 4.4%
- India: 4.1%
- Portugal: 3.7%
- Chile: 2.4%
- UAE: 1.7%
- China: 1.5%
- South Korea: 1.0%
- Pakistan: 0.4%
- Canada: 0.1%

By Geography
- Exploration and Production: 35%
- Petrochemicals: 22%
- Energy and Infrastructure: 14%
- Refining & Marketing: 13%
- Metals: 12%
- Shipping & Trading: 3%
- Power: 1%

By Sector
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Oman Oil Company
Our Portfolio

OOC’s investment strategy is firmly focused on delivering shareholder value while contributing to the long-term sustainable development of the Omani economy. Further, every investment in Oman has the potential for generating In Country Value and material GDP contribution.

OOC’s diversified portfolio spans 7 sectors throughout the entire hydrocarbon and energy-related value chains, managed within 3 strategic business units (SBUs).

The Upstream SBU manages OOC’s exploration and production assets through the OOCEP subsidiary. This includes both operated and non-operated assets. The majority of the assets are within Oman with 2 key investments in early stages of development in Kazakhstan. OOCEP’s strategy is to build capabilities to develop and operate unconventional hydrocarbon resources in Oman.

The Downstream SBU manages OOC’s investments in the Refining and Petrochemicals sector. The Downstream SBU is working to implement the TOM strategy consisting of three elements, Technology, Oman and Markets. Through strategic acquisitions and partnerships with specialist companies, OOC will bring the latest technology and know-how, leverage Oman’s geo-strategic location on international trade lines, and boost access to emerging markets in Asia and Africa. Through TOM, OOC aims to transform Oman from a regional player into a major hub in the global chemical industry.

The Emerging SBU manages OOC’s investments across the wider energy sector. These include energy infrastructure, shipping and trading, power generation, and metals and mining. The Emerging SBU’s strategy is to diversify OOC’s income away from hydrocarbon value chains by providing stable returns while generating employment opportunities for Omanis and building capabilities.

DIVERSIFIED INVESTMENTS • ECONOMIC GROWTH • STRONGER COMMUNITIES • WORKFORCE EMPOWERMENT
Exploration and Production (Upstream)

OOC upstream investments are managed through the OOCEP subsidiary. OOCEP’s activities combine the management of investments in non-operated joint ventures in Oman and abroad, as well as operatorship of upstream assets and service/midstream businesses in Oman. The aim of these investments is to draw upon Oman’s experience in the oil & gas industry to achieve strong operational results and financial returns, pursue opportunities that will contribute to meeting the future energy needs of the Sultanate, and provide a platform for the professional development of the Omani workforce.

- **2P reserves** – 273 Million Barrels of Oil Equivalent
- **Average Daily Production (Working Interest)** – 32,967 Barrels of Oil Equivalent per day
- **Block 61 Joint Operations Agreement signed with BP**

**Highlights 2013**
- 2P reserves – 273 Million Barrels of Oil Equivalent
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**Assets**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>Operated / Non-Operated</th>
<th>OOCEP Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abraj Energy Services</td>
<td>Oman Operated</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Block-42</td>
<td>Oman Operated</td>
<td>100.00%</td>
<td></td>
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<tr>
<td>MGP</td>
<td>Oman Operated</td>
<td>100.00%</td>
<td></td>
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<tr>
<td>Abu Tabul</td>
<td>Oman Operated</td>
<td>100.00%</td>
<td></td>
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<tr>
<td>Service Contract in Rima Small Fields</td>
<td>Oman Non-Operated</td>
<td>20.00%</td>
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<tr>
<td>Service Contract in Karim Small Fields</td>
<td>Oman Non-Operated</td>
<td>20.00%</td>
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<tr>
<td>Oil Exploration and Production in Mukhaizna Concession</td>
<td>Oman Non-Operated</td>
<td>20.00%</td>
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<tr>
<td>Block 61</td>
<td>Oman Non-Operated</td>
<td>40.00%</td>
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<tr>
<td>The Pearls - Oil Exploration in Caspian Offshore Concession</td>
<td>Kazakhstan Non-Operated</td>
<td>20.00%</td>
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<tr>
<td>Oil Exploration in Dunga Concession</td>
<td>Kazakhstan Non-Operated</td>
<td>20.00%</td>
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Block-42 has been identified as a suitable starting point to implement OOCEP’s goal to conduct exploration operations in Oman. The block covers an area of about 25,600 km² and comprises mainly the NE coastal range of the Oman Mountains and the basin immediately to the south (under Ramlat Sharja). A major exploration activity that was undertaken for 2013 acquisition of new 2D seismic gravity & magnetic data over the Ramlat Wahiba prospective area. A total 366 km line of new 2D data and 1540 gravity & magnetic station were successfully acquired and are currently being processed, based on which, OOCEP expects to start exploratory drilling in 2014.

Abu Tabul Field (ABB) in Block 60 was discovered in 1998 by PDO. Block 60 is a 1,500 square kilometre area that spreads across two Wilayats - Haima & Ibra. The nearest organised settlement is Wadi Al Unayri, located 65 kilometres to the North. Subsequent to the drilling of the discovery well, the field was not pursued by PDO due to the foreseen challenging reservoir characteristics. The block was awarded to BG International on April 2006. BG conducted an appraisal programme which ended in 2010. In November 2010, OOCEP acquired the interest of Block 60 and resumed the development activities in the field. OOCEP recognises the value of this tight gas reservoir and has adopted a field development plan with a target of first gas production in 2014.

The Musandum Gas Plant (MGP) project is located on the west coast of the Musandum Province in the Sultanate of Oman. The project is being developed by OOCEP to process well fluids from the existing West Bulha field located close by in Omani waters. Well fluids will be transported from the offshore platform to MGP via a new subsea pipeline. The plant will produce sales quality gas, oil, LPG and sulphur, and will treat effluents to minimise any environmental impact. The MGP will be capable of producing 20,000 barrels per day (3180 m³/d) of stabilised export crude oil, 45 mmcmd (1.37 mm cm³/s) of export quality gas and 80 ton per day of LPG. The MGP is expected to be on stream by 2014. The gas will be supplied to the Musandum Power Plant currently under construction, with excess gas being exported.

The Rima Cluster Small Fields consists of 18 fields that were discovered by PDO within Block-6 in the 1970s and 1990s. Nine of the discovered fields were brought on-stream in the 1980s and mid 1990s. Another nine discoveries with generally heavier oils have not yet been produced. The producing fields have only undergone primary development and have never ranked highly for attention or against activities of other PDO assets. Only five new wells have been drilled in the past decade. According to the PDO tender data, the area has about 650 million barrels of oil in place and is estimated to have up to 90 million barrels of total capacity, of which some 27 million barrels have been produced to date. Rima Satellites Small Fields service agreement has been awarded by Petroleum Development Oman to Petrogas E & P (Part of MBI Petroleum Oman) (75%) and Oman Oil Company (25%) as part of its ongoing initiative to boost oil production from existing small fields. The service contract duration is 15 years and can be extended, subject to contractor performance.

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and will make a significant contribution to total daily domestic gas consumption, which is equivalent to around a third of Oman’s daily production of gas condensate. This volume of gas per day and 25,000 barrels of oil per day of gas condensate is equivalent to one billion cubic feet (28.3 million cubic metres) of gas per day and 25,000 barrels of oil per day of gas condensate over 15 years to deliver plateau production.

The Government of the Sultanate of Oman and BP signed a gas sales agreement and an amended production sharing agreement for the development of the Khazar field, with BP as operator in Dec 2013. The total investment in the full field development is expected to be $16 billion. Oman Oil Company Exploration & Production (OCOEP) share is 40% in Block 61.

The full field development will involve a drilling programme of around 150 wells over 15 years to deliver plateau production of one billion cubic feet (28.3 million cubic metres) of gas per day and 25,000 barrels of oil per day of gas condensate. This volume is equivalent to around a third of Oman’s total daily domestic gas consumption and will make a significant contribution to ensuring continuing supply to domestic sources.

The Dunga Oil Field is an onshore project located 50 km to the north of Atyrau city in Kazakhstan. The field is jointly owned by ODCO, Portuguese investment fund Partex, and Maasik Oil (the operator). Operations first commenced in 1998 with the first phase of the pilot project completed in 2001 which included the drilling of 7 wells and the construction of the surface facilities. In 2002, the second appraisal phase was initiated to evaluate the field’s production potential under various development schemes, and was completed in mid-2007. A Full Field Development (FFD) was formulated and approved in July 2007. The first phase of the FDP was completed in 2009, comprising of drilling 14 wells. In 2010 a carbonatite appraisal well was drilled and commenced production from June 2010 resulting in a boost of the field’s oil production.

The second phase of the FDP consists of drilling 108 vertical wells (115 oil producers & 83 water injectors) and expansion of the existing surface facilities has been approved. 72 wells have been completed since the commencement of the Phase II project since the start of the drilling campaign in 2012. The construction activities on the Phase II facilities are underway to accommodate the anticipated oil production growth.

Since its establishment with the aim of developing domestic capabilities in drilling and well services, Abraj Energy Services S.A.O.C has specifically formed a management team of industry professionals who share the Company’s quest for achieving excellence in its operations in both HSE and well engineering performance as part of the company core business. Within a few months of establishment, Abraj Energy Services S.A.O.C has managed to secure a contract with Petroleum Development Oman LLC for the provision of five rigs for a period of four years. The Company also aims to play a key role in Oman’s relentless endeavour to diversify and create jobs for Omani citizens. With the anticipated growth in work scope and future business diversification plans, Abraj Energy Services S.A.O.C expects to play a major role in the development of young Omanis to become recognised industry professionals.

Current Fleet and Services Lines

Currently, Abraj has 13 rigs in its fleet, with 3 additional rigs expected to be added in 2014. Aside from Drilling Services, Abraj also provides the following specialised services:

- Hydraulic Fracturing
- Cementing
- Coiled Tubing
- Workover
- Drilling Fluids
- Flowback and Well Testing
- Slickline & NCP

Abraj employs a total of 1623 personnel, with an 85% Omanisation rate. The health and safety of our workforce is given the highest priority, and Abraj boasts some of the best HSE statistics for the industry.

Key Achievements for 2013:

- Abraj Training Center in Ghala was inaugurated on May 21, 2013. Abraj’s GET programme in partnership with Sultan Qaboos University is gaining momentum in building local expertise in Drilling, Rig Maintenance, Fluid Engineering and various other fields. All modules have been successfully implemented.
- On 17th October 2013, Abraj successfully commenced Frac operations for Oman Oil Co. Exploration and Production. With its state-of-the-art Fracturing Equipment (FracPlus) and being the first of its kind, Abraj is able to perform Integrated Frac Services which makes Abraj the first local company in MENA region to provide these services.
- Abraj has also entered into other service lines such as Coiled Tubing, Flowback and Well Testing, and commissioned its third Wrench Hofst for PDO. Cementing Services also geared up to begin operations for a client.
- Abraj stabilised the operations on Well Intervention Services comprising of Slickline and Non-Corrosive Pumping.
- Abraj has been awarded a contract for 3 Heavy Rigs (2K HP) by PDO, which will be mobilised in Q3/Q4 2014.
- In Q3 2013, Abraj inaugurated its state-of-the-art Central Warehouse in Rusail Industrial Area.
- Legal status of Abraj has changed from LLC to SAOC in October 2013.
- SAP Project Crossover was a major undertaking for Abraj. In December 2013, all modules have been successfully implemented.
OOG’s refining and marketing assets serve three strategic purposes. First, they fulfill local demand for refined products to be used as fuels; second, they provide the building blocks for the development of an integrated petrochemical industry within Oman; and third, through minority investments in key countries, they aim to promote Omani products, both raw hydrocarbons as well as processed materials such as petrochemicals, to new markets.

### Highlights 2013
- Omanoil marks momentous 20th Anniversary without Lost Time Injury at Mina Al Fahal JV Distribution Terminal
- Omanoil listed on Oman Economic Review’s Top 20 Companies
- Omanoil signs exclusive aviation fuel contract with world’s leading airline Etihad Airways
- ORPIC Aromatics Production – 942,000 tonnes
- Sohar Refinery Improvement Project approved by ORPIC Board

### Assets

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>OOC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oman Oil Marketing Co. S.A.O.G (Omanoil)</td>
<td>Oman</td>
<td>49.00%</td>
</tr>
<tr>
<td>Oman Oil Refineries and Petroleum Industries Company (ORPIC)</td>
<td>Oman</td>
<td>25.00%</td>
</tr>
<tr>
<td>Qingdao Lidong Chemical</td>
<td>China</td>
<td>30.00%</td>
</tr>
<tr>
<td>Bharat Oman Refineries Limited (BORL)</td>
<td>India</td>
<td>26.00%</td>
</tr>
<tr>
<td>MOL Hungarian Oil and Gas Company</td>
<td>Hungary</td>
<td>7.00%</td>
</tr>
</tbody>
</table>
Formed in October 2003, Oman Oil Marketing Company (Omanoil) has established itself as a leader in the Sultanate’s energy sector by providing customers with superior customer experiences at the highest international standards. Its core business involves:

• Marketing and distribution of fuel and lubricant products in the sectors of fuel retailing
• Direct (bulk) fuel sales to Government and Commercial sectors
• Aviation Refueling
• Storage and Distribution

Omanoil maintains the highest percentage of Omani employees in the industry across the Sultanate. It continues to invest in building human capacity and creating career opportunities for highly qualified Omani nationals.

Created from the integration of three companies - Oman Refineries and Petrochemicals Company LLC (ORPIC), Aromatics Oman LLC (AOL) and Oman Polypropylene (OPP) - Orpic is one of Oman’s largest companies and is one of the rapidly growing businesses in the Middle East’s oil industry.

Orpic is owned by the Government of the Sultanate of Oman (75% owned by Ministry of Finance) and by Oman Oil Company SAOC, (25%) created to pursue investment opportunities in the energy sector both inside and outside Oman.

Our refineries at Sohar and Muscat, as well as our aromatics and polypropylene production plants in the Sohar complex, provide fuel, chemicals and feedstock to Oman and to the world.

Qingdao Lidong Chemical Co. Ltd (QLCC) is an aromatics petrochemical plant promoted by GS Caltex in the People’s Republic of China. QLCC is located in the Qingdao province in a specialised petrochemical investment zone with special tax exemptions and proximity to Korea, the major source of feedstock for this plant. Paraxylene, the primary output of the plant, is a key raw material in the production of polyester fibers and PET plastic bottles. The second petrochemical produced in the complex is Benzene, which is an intermediate industrial chemical feedstock to produce a wide range of plastics, detergents and other chemicals.

Bharat Oman Refineries Limited (BORL) is a joint venture company formed by Bharat Petroleum Corporation Limited (BPCL) and Oman Oil Company Limited (OOCL) to set-up a 6MMTPA grassroots refinery at Bina, District Sagar, State of Madhya Pradesh, India.

The refinery is one among a few inland refineries, located close to markets, producing LPG, naphtha, gasoline, diesel and other products with a captive power plant. The refinery is designed to maximise diesel production.

MOL is a large integrated oil and gas company in Central & Eastern Europe, based in Hungary. MOL is a listed company in the Budapest Stock Exchange. In March 2008, OOC acquired 7% equity in MOL.

MOL’s core activities are in refining and marketing as well as exploration and production. It has a 470,000bbl/day refining capacity spread over 5 refineries. MOL has over 1,600 filling stations in nine countries. MOL’s activities also include exploration and production, production of polymers and management of a high pressure natural gas pipeline network across Hungary.
OOC’s Petrochemical assets within Oman aim to use local feedstock to develop downstream industries. While OOC’s investment in the petrochemical sector in Oman has been limited to 2 assets, both of which use local natural gas as feedstock, it has ambitious plans based on the TOM strategy to transform Oman into a major global player in the petrochemical landscape by developing a downstream petrochemical complex in Duqm using feedstock from the new refinery there. To that end, OOC acquired OXEA in 2013 whose technology will be used to produce oxo-alcohols and derivatives in Duqm.

**Highlights 2013**
- Salalah Methanol production – 1,115,666 MT of methanol
- Salalah Methanol achieved utilisation rate of 107% of nameplate capacity
- OMIFCO Urea Production – 2,208 m tonnes
- OMIFCO Ammonia Production – 1,328 m tonnes
- Acquired full control of OXEA in 2013

**Assets**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>OOC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>OXEA S.a.r.l</td>
<td>Germany/USA</td>
<td>100.00%</td>
</tr>
<tr>
<td>Salalah Methanol Co. (SMC)</td>
<td>Oman</td>
<td>90.00%</td>
</tr>
<tr>
<td>Oman India Fertilizer Co. (OMIFCO)</td>
<td>Oman</td>
<td>50.00%</td>
</tr>
<tr>
<td>ParPETual</td>
<td>India</td>
<td>16.48%</td>
</tr>
</tbody>
</table>
SMC was formed in February, 2006 by Oman Oil Company to undertake a project to build a state-of-the-art methanol production facility in Salalah Free Zone, in Salalah, Oman. The facility includes a 3125 metric tonnes per day methanol plant and export facilities, as well as captive power generation, water desalination units and a waste water treatment plant to make SMC self-sufficient and environmentally friendly. The feedstock for the production of methanol is natural gas supplied through the existing pipeline systems. SMC owns, operates and maintains the plant. The commercial operations commenced during the first half of 2010. As part of its commitment to the development of Oman, SMC has hired and provides extensive training to its staff for the ongoing operation of the plant and future opportunities. The surplus product methanol from the domestic consumption (by future methanol-derivatives industries) is exported from the Port of Salalah facilities which are in the immediate vicinity of the SMC plant.

Oman India Fertilizer Company SAOC (OMIFCO) has been established, as the result of an initiative by the Governments of Oman & India, in order to construct, own and operate a modern world scale two-train ammonia-urea fertiliser manufacturing plant at the Sur Industrial Estate in the Sultanate of Oman. The plant comprises two ammonia and two urea production trains each with a capacity of 1,750 metric tonnes and 2,530 metric tonnes a day respectively, together with all the necessary state-of-the-art infrastructure facilities. The plant produces up to 250,000 metric tonnes per annum of surplus liquid ammonia and 1.6 million metric tonnes per annum of bulk granulated urea, which is exported to India under long-term take-or-pay off-take agreements.

OXEA is a global manufacturer of oxo intermediates and oxo derivatives, such as alcohols, polyols, carboxylic acids, specialty esters, and amines. These products are used for the production of high-quality coatings, lubricants, cosmetics and pharmaceutical products, flavourings and fragrances, printing inks and plastics. In 2012, OXEA generated revenue of about EUR 1.5 billion with its 1,406 employees in Europe, the Americas and Asia. OXEA operates 3 sites in Europe and 2 in USA.

PerPETual Global is the only Company in the world which manufactures high-quality esters from post-consumer PET (plastic) bottles thanks to its proprietary and fully patented ReNEW technology. This sustainable polyester is converted into partially oriented yarn, then drawn textured yarn for environmentally friendly garment manufacture.
OOC’s assets in the Energy Infrastructure serve two strategic purposes. Local assets aim to create synergies between upstream hydrocarbon production and downstream hydrocarbon processing and refining by providing storage and transportation services between supply and demand. International assets aim to enhance OOC’s capabilities in the midstream energy sector in new value-added services such as LNG regasification terminals, while providing stable and diversified returns.

**Energy Infrastructure**

*(Emerging)*

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>OOC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oman Gas Company (OGC)</td>
<td>Oman</td>
<td>100.00%</td>
</tr>
<tr>
<td>Oiltanking Odjhel Terminals &amp; Co. (DOT)</td>
<td>Oman</td>
<td>25.00%</td>
</tr>
<tr>
<td>Qingdao Liang Logistics Company Ltd</td>
<td>China</td>
<td>20.00%</td>
</tr>
<tr>
<td>GNL, Quintero &amp; INEALE</td>
<td>Chile</td>
<td>18.60%</td>
</tr>
<tr>
<td>REN - Redes Energéticas Nacionales, SGPRL, S.A</td>
<td>Portugal</td>
<td>15.00%</td>
</tr>
<tr>
<td>Compañía Logística de Hidrocarburos S.A (DLH)</td>
<td>Spain</td>
<td>15.00%</td>
</tr>
<tr>
<td>Planta de Regasificación de Sagunto S.A</td>
<td>Spain</td>
<td>7.50%</td>
</tr>
<tr>
<td>Enagás S.A</td>
<td>Spain</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

**Highlights 2013**

- OGC - Annual gas transportation 15.42 billion cubic metres.
- OGC - 1,053 safe working days, 3.8 million km driven, and 5.56 million man-hours without Loss Time Incident
- GNLQ - Won Tucapel Jimenez Garcia 2014 (National Safety Award)
- REN - Conclusion of first stage of the 3 interconnections with Spain for gas pipeline
- REN - 41 ships in 2013 represent historic maximum for tanker loading and unloading at Sines terminal
- Oiltanking - 15% increase in throughput from 2012, leading 5% increase in revenue

**Share of total investment:**

- Oman: 14%
- International: 86%
Oman Gas Company (OGC) is the gas transportation company in Oman delivering natural gas to main economic sectors and major consumers comprising of Domestic, Power and Desalination plants, Fertilizer, Methanol, Petrochemical, Refinery, Steel and Cement plants.

The Company is involved in the transmission and distribution of natural gas, through a large network of gas pipelines, compressor stations and gas supply stations. The Company also provides project management services in pipeline construction.

OGC was established in August 2000 as a closed joint stock company between the Government of Oman represented by the Ministry of Oil & Gas holding 83% of the shares and Oman Oil Company holding the remaining 17%. The Company has concession rights for 27 years to own, construct, maintain and operate natural gas facilities in the Sultanate of Oman. OGC was acquired 100% by Oman Oil Company during 2013. OGC’s 95% Omanization rate is the highest amongst oil & gas operating companies in the Sultanate.

Oiltanking Odfell Terminals & Co. LLC (OIT) is a joint venture company owned by Oiltanking GmbH, Odfell Terminals AS, OGC and a private investment company. OIT operates a major terminal at Sohar industrial port which caters to the storage and handling of petroleum products, chemicals and gases. OIT manages six jetties at the port of which four are capable of handling vessels up to 120,000 dwt and two handle vessels up to 70,000 dwt. OIT has aggregate storage capacity of 1.3 million cubic metres. Its clients include APL, Shell and OIT.

OIT currently handles all vessel loading and discharging operations on behalf of Oman Refineries and Petrochemicals Company.

Qingdao Living Logistics Ltd (Living) was established to provide port facility services for the Qingdao Lidong Chemical Company Ltd (Lidong) aromatics project and serve the needs of future projects in the area.

Living was originally setup to provide exclusive services to Lidong, which is owned by OGC and GS Caltex. However, spare capacity is offered to other industries thereby generating additional income for the company.

Compañía Logística de Hidrocaburos S.A (CLH) holds a 10 percent equity interest in Compañía Logística de Hidrocaburos S.A. (CLH), the leading company on the Spanish market for the transportation and storage of oil products, with over 80 years of experience in this sector.

CLH’s main activity is the basic logistics of refined oil products destined for use in peninsular Spain and the Balearic Islands, for the account of the major oil company operators that are present in the Spanish market. This activity consists of receiving the oil products at its installations – essentially petrols, diesels, heavy duty diesels and aviation fuels – and transporting and storing these products, with final delivery to the company’s customers through its tanker truck loading facilities.

The company has one of the largest and most efficient integrated oil product transport and storage networks in the world, with more than 4,000 kilometres of oil pipelines, 39 storage facilities with a capacity of 7.5 million cubic metres and 26 airport facilities, which are at the disposal of all oil operators that function in Spain. It also uses 2 tankers that are chartered, with a dead-weight capacity of 48,121 tonnes.

Enagas S.A is the Technical Manager of the Gas System and Common Carrier for the high pressure gas transportation network in Spain. Its facilities include close to 10,000 km of high-pressure gas pipeline over all the Spanish territory, two underground natural gas storages, Serrable (Huesca) and Gaviota (Vizcaya), and three regasification plants at Barcelona, Cartagena and Huelva. Construction of a fourth plant in Bilbao was completed in 2013.

Enagas also owns 40% in the regasification plant of Bilbao and the 40% of the Cartagena Terminal, located in Mexico. These plants have a total emission capacity of 6,250,000 m³/hr, and a total storage capacity of 2,637,000 m³ of LNG. Enagas and OGC also formed a JV to acquire a stake in a regasification terminal in Chile as a JV.
REN is the transmission system operator ("TSO") of Portugal's electricity and gas networks. Its main areas of business cover very high voltage transmission, exclusive concession for Electricity Transmission and overall technical management of the National Electricity System for 50 years (until 2057), owning and operating the sole Natural Gas Transportation Grid in Portugal, and overall technical management for the National Natural Gas System, underground storage of natural gas, reception, storage and regasification of liquefied natural gas, concession for gas network for 40 years (until 2046).

As a result of the country’s commitment to renewable energy, the Portuguese government granted concession to REN to operate a pilot area for generating electricity from sea waves. REN also operates in the telecommunications business via RENTELECOM, which includes a range of services such as infrastructure, managed services and consultancy.

GNL Quintero S.A (GNLQ) operates as a tolling terminal, processing LNG on behalf of GNL Chile, the company which has contracted 100% of the Terminal capacity pursuant to a TUA with a 20-years term post Commercial Operating Date.

GNLQ LNG receiving and regasification terminal is located at Quintero Bay, approximately 160 km Northwest of Santiago. The Terminal has a throughput capacity of 2.5 Mtpa of imported LNG which equates to an exported natural gas rate of 10M m3/day, with a peak send-out capacity of 3.75 Mtpa (15M m3/day).

The Terminal receives LNG via LNG carriers which deliver LNG cargoes ranging in volume between 120,000 and 265,000 m3 and are unloaded through a new 1,800 metre long marine jetty that extends into the Quintero Bay. LNG is then transferred into cryogenic storage tanks located within the Terminal facilities. In accordance with the gas delivery plans, the LNG is regasified through vaporizers and finally injected as gas into the export pipeline that supplies natural gas to Chile’s Central zone.
OOC Assets in the Metals sector in Oman serve to create meaningful domestic employment while providing significant opportunities for economic multiplier effects. The energy-intensive metals industry takes advantage of Oman’s natural energy resources to meet local and regional demand for metal products.

OOC’s Mining strategy aims to secure supplies from international sources for local metals projects.

### Highlights 2013
- As part of Vale’s main value “Life matters most” the company made all the efforts in taking care of people and prioritizing life, which was reflected by reaching Zero level of accidents rate in 2013. In addition to that, the company also solved 100% of fatality risks.
- Vale’s production in 2013 was 8,280 kt of pellets, 1% above the planned production of the year.
- Sohar Aluminium production reached 350,000 tonnes.
- The AP40 project, which has the potential to add value to the company at a relatively low cost through the addition of 20 ktpa of Aluminium to the plant’s current capacity, was approved by the Sohar Aluminium Board.

### Metals and Mining (Emerging)

#### Assets

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>OOC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sohar Aluminium Company L.L.C.</td>
<td>Oman</td>
<td>40.00%</td>
</tr>
<tr>
<td>Vale Oman Pelletizing Company L.L.C.</td>
<td>Oman</td>
<td>30.00%</td>
</tr>
<tr>
<td>BlackRock Metals Inc.</td>
<td>Canada</td>
<td>2.80%</td>
</tr>
</tbody>
</table>

#### Share of total investment: 12%

#### Split between Oman and International:
- 99% Oman
- 1% International

#### Total employment in Oman: 1406
- 70% Omani
- 30% Non-Omani
Sohar Aluminium is Oman’s first endeavour in the Primary Aluminium industry, backed by a solid shareholding structure with Oman Oil Company and TAQA holding 40% each and Rio Tinto Alcan, the remaining 20% share. The plant’s initial capacity stood at 360 ktpa, however it has recently reached up to 370 ktpa through efficiency and operational improvements.

Upon its inception, the plant was based on state-of-the-art technology, including the latest smelting facilities along with innovative elevated walkways traversing the entire site to keep man and machine separate except when absolutely necessary. In addition to the smelter, Sohar Aluminium’s facilities include an import/export terminal at the Sohar Industrial Port, a captive combined-cycle power plant, generating up to 1000 MW of electricity, a carbon plant to meet the smelting’s process needs of anodes and a casting house which includes one of the highest known capacities of ingot casters in the world.

BlackRock Metals is a privately financed Canadian mining company with a 100% owned world-class iron ore property in one of the most prolific mining regions in the world. Its high-performance culture is guided by its core values of putting people first, operating on budget in a safe environmentally sound manner and maintaining a high standard of social responsibility and social acceptance of its projects.

In 2013 BlackRock Metals completed an agreement with CREE Nation (the local population) and was granted a Certification of Authorisation for construction. In addition, reserves increased from 295m tonnes to 405m tonnes due to incorporation of a second pit as part of the detailed feasibility study.

OOC currently owns 2.8% equity in BlackRock Metals, with an option to increase its stake to 25%.

With a mission to transform natural resources into prosperity and sustainable development, Vale is a global mining, leader in the production of iron ore and the second largest producer of nickel. Vale’s vision is to be the number one global natural resources company in creating long term value, through excellence and passion for people and the planet.

With headquarters in Brazil and operations in more than 30 countries, Vale is a truly global company, committed to quality of life and environmental preservation in all regions of operation. Vale’s offices, operations, exploration and joint ventures are spread over the five continents.
OOC’s assets in the Shipping and Trading segment provide further integration of the value chain by marketing and transporting local products to international clients.

**Assets**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>OOC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oman Trading International (OTI)</td>
<td>UAE</td>
<td>70.00%</td>
</tr>
<tr>
<td>Gulf Energy Maritime (GEM)</td>
<td>UAE</td>
<td>30.4%</td>
</tr>
<tr>
<td>Oman Shipping Company (OSC)</td>
<td>Oman</td>
<td>20.00%</td>
</tr>
</tbody>
</table>

**Highlights 2013**

- GEM has been awarded with:
  - ISO 9001-2000 Quality Management System (QMS)
  - ISO 14001-2004 Environment Management System (EMS) Certification
  - Winner of 2013 Seatrade Environment Protection Award for the Middle East and Indian Subcontinent Region
- Oman Shipping Company: 2 VLOCs were delivered to OSC, extending the total fleet size to 38 vessels.
- Oman Ship Management Company was awarded 2013 “The Ship Manager Award” at the 10th Sea Trade Middle East and Indian Subcontinent Awards 2013
Oman Shipping Company S.A.O.C. (OSC) was established in 2013 as a closed Omani company wholly owned by the Government of the Sultanate of Oman through the Ministry of Finance (80%) and OOC (20%) to take over the shipping interests of the government of Oman and to develop the maritime transport industry in Oman.

OSC has set up two Omani subsidiaries, Oman Charter Company S.A.O.C. and Oman Ship Management Company S.A.O.C. to take over chartering and ship management respectively. OSC’s current fleet includes 5 LNG vessels, 3 LPG vessels, 16 VLCCs, 5 Tankers, 5 Bulk Tankers, 1 liner and 2 multipurpose vessels.

OSC employed 160 Omani nationals recording an Omanisation rate of 87% at the end of 2013.

Founded in January 2006, Oman Trading International’s (OTI) primary business is the trading of crude oil, oil products and petrochemicals in the international markets. The company was established in Dubai through a joint venture between OOC and Vitol Asia.

Using OOC’s local expertise and Vitol’s international experience and reputation, OTI capitalises on the dynamics within the oil market and downstream market to maximise value in the distribution chain and generate value-added returns for the shareholders.

The company’s strength is derived from the collective experience of its owners, access to physical products, and strong capital base. The products handled by OTI include crude oil, naphtha, LPG, crude oil, gasoline, gasoil, jet, petrochemicals and chemicals.

Formed in 2004 as a Joint Venture shipping company, Gulf Energy Maritime is investing in and managing modern state-of-the-art double hull tankers designed to carry petroleum products, chemicals and other hydrocarbons.

Today, GEM is a leading, independent Product/Chemical Tanker company and it is rated among the top 10 independent product tanker owners in the world. GEM’s primary objective is to operate with high standards of safety and quality in ship construction and marine operations. GEM’s paid-up capital is USD 195 million and its asset value exceeds USD 550 million. The majority of GEM’s vessels are expected to be leased in a mixed portfolio of long-term and spot charters.

The shareholders of GEM collectively engaged Moore Stephens (MSI) and BoFAML to carry out a review of the company’s performance, its business plan and develop a strategy going forward that sets GEM on the path to sustainable growth. The results of this Strategic Review Study are expected to be finalised by H1 2014.

Oman Shipping Company S.A.O.C. (OSC) was established in 2013 as a closed Omani company wholly owned by the Government of the Sultanate of Oman through the Ministry of Finance (80%) and OOC (20%) to take over the shipping interests of the government of Oman and to develop the maritime transport industry in Oman.

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OSC employed 160 Omani nationals recording an Omanisation rate of 87% at the end of 2013.
OOC’s investments in the Power Generation Sector aim to enhance its capabilities in developing and operating power plants. Through further international investments OOC aims to acquire technology and expertise that shall be deployed in Oman and help meet increasing domestic demand for power.

**Assets**

Oman Oil Company owns shares in two operational power plants, one in South Korea and one in Pakistan.

<table>
<thead>
<tr>
<th>Investment</th>
<th>Country</th>
<th>OOC Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orient Power Company Limited (OPCL)</td>
<td>Pakistan</td>
<td>42.8%</td>
</tr>
<tr>
<td>GS Electric, Power and Services (GS EPS)</td>
<td>South Korea</td>
<td>30.00%</td>
</tr>
</tbody>
</table>

**Highlights 2013**

• GS EPS is constructing Asia’s largest biomass plant in Korea with an installed capacity of 100MW.
Orient Power Company Limited (OPCL) was incorporated in June 2003 under the provisions of the Companies Ordinance 1984. The primary objective of OPCL is the construction, operation and maintenance of a 400 MW combined cycle power plant, in two phases of approximately 200 MW each, at Balloki, District Kasur, Punjab, Pakistan. This is the first Independent Power Project (IPP) approved by the Government of Pakistan (GOP) under the 2002 Power Policy. OPCL is currently operating its Phase 1 combined cycle power plant of installed capacity of 225 MW which was commissioned in May 2010.

GS EPS owns and operates gas-fired combined cycle power plants and ancillary facilities in the Pyongtaek region of the Republic of South Korea. GS EPS is currently operating 3 gas-fired power plants with total installed capacity of about 1500 MW. The Phase 1 plant (of 538 MW capacity) was commissioned in 2001, Phase 2 expansion (of 550 MW capacity) was commissioned in March 2008 and Phase 3 expansion (of 412 MW capacity) was commissioned in August 2013. The plant sells its electricity production from Phase 1 on a take-or-pay basis to KEPCO, the state-owned electricity utility in Korea while electricity production from Phase 2 and Phase 3 are sold to the merchant markets through Korea Power Exchange.
Takamul

Takamul Investment Company was incorporated in 2008 to develop sustainable investments in Oman that complement OOC’s value chains and support the Sultanate’s thriving industrial sector. The company’s primary objective is to promote and invest in economically viable and value-added projects that feed off local industries in the chemicals, metals and minerals sectors. An innovative move saw the inclusion of industrial support services providing deeper integration across Takamul’s portfolio, and in 2013 Takamul began initiatives aimed at driving the creation of industrial SMEs.

Takamul’s major milestones for 2013 include the start of operations at the Oman Aluminium Rolling Mill (OARC) and at the Galvanized Specialty Steel (GSSI) plant in Sohar. With 10 operating assets in Takamul’s industrial portfolio, there are a further 7 projects either under construction or being formed.

At the end of 2013, Takamul’s total equity investment stood at OMR 120m (US$ 312m), while its project companies employed a total of 778 employees. Takamul has already invested in about OMR 270 million worth of projects by end of December 2013.

<table>
<thead>
<tr>
<th>Company</th>
<th>Asset Name</th>
<th>Sector</th>
<th>% Ownership</th>
<th>Operational / Under Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takamul Oman Aluminium Processing Industries LLC (OAPIL)</td>
<td>Metal</td>
<td>49%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Oman Aluminium Rolling Mill LLC (OARC)</td>
<td>Metal</td>
<td>100%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Galvanized Specialty Steel Industries LLC (GSSI)</td>
<td>Metal</td>
<td>49%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Salalah Methanol Company LLC (SMMC)</td>
<td>Chemical</td>
<td>10%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Sohar Sulphur Fertilizers LLC (SSFL)</td>
<td>Chemical</td>
<td>69%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Muscat Glass Company (MGC)</td>
<td>Supporting Services</td>
<td>32.66%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul United Facilities Management LLC (UFLM)</td>
<td>Supporting Services</td>
<td>60%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Muscat Facilities Management LLC (MFLM)</td>
<td>Supporting Services</td>
<td>40%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Oris Distribution</td>
<td>Supporting Services</td>
<td>100%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Generalized Utilities Company LLC (GUC)</td>
<td>Supporting Services</td>
<td>60%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Majan Ferrochrome LLC</td>
<td>Metal</td>
<td>51%</td>
<td>Operating</td>
<td></td>
</tr>
<tr>
<td>Takamul Aluminum Coil Coating Line (ACCL)</td>
<td>Metal</td>
<td>100%</td>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Takamul Oman Industrial Chemicals LLC</td>
<td>Chemical</td>
<td>100%</td>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Takamul Oman International Petrochemical Industries Company LLC (OMPET)</td>
<td>Chemical</td>
<td>20%</td>
<td>Formed</td>
<td></td>
</tr>
<tr>
<td>Takamul Oman Tank Terminal Company LLC (OTTCC)</td>
<td>Supporting Services</td>
<td>10%</td>
<td>Formed</td>
<td></td>
</tr>
<tr>
<td>Takamul Oman Management and Services LLC</td>
<td>Chemical</td>
<td>70%</td>
<td>Under Formation</td>
<td></td>
</tr>
<tr>
<td>Takamul Sohar Paper Core</td>
<td>Other</td>
<td>100%</td>
<td>Under Formation</td>
<td></td>
</tr>
</tbody>
</table>

Senaat, Abu Dhabi 3.26%

Al Maha Strategic Industries for Investments LLC 1.25%

DIVERSIFIED INVESTMENTS • ECONOMIC GROWTH • STRONGER COMMUNITIES • WORKFORCE EMPOWERMENT
The Duqm Special Economic Zone (SEZ) has been envisioned as the place that will balance regional development by energising the Al Wusta governorate in addition to diversifying sources of national income and creating job opportunities for Omanis, promoting re-exports and transferring modern technologies to Oman.

Oman Oil Company is proud to be a major contributor to the development of Duqm SEZ, with over USD 15 billion worth of projects under development or consideration. Expected to become operational over the next 3-4 years, the first wave of OOC projects shall play a significant role in Oman’s long term economic growth.

OOC made significant progress in Duqm related projects, primarily in incorporating separate legal entities for each project, establishing corporate governance structures, and recruiting project directors and senior team members to take the projects forward.

Duqm Refinery and Petrochemical Company (DRPIC)

Established in 2012 as a joint venture between OOC (50%) and Abu Dhabi’s International Petroleum Investment Company (50%), the Duqm refinery will be the cornerstone of Duqm’s heavy industrial zone. The refinery is expected to have a capacity of 230,000 barrels per day (bpd). The refinery will produce over 3 million tonnes per annum of Petrochemical Feedstock, for which the Downstream SBU is developing a Duqm Petrochemical masterplan, starting with a steam cracker feeding downstream chemical units to maximise the value of the petrochemical building blocks. These units will be synchronised with the start-up of the refinery. Once established, the petrocomplex will provide opportunities for the Duqm industrial platform.

Topographic Survey and Geotechnical Investigation and Technology selection were completed in 2013. Project is currently entering the FEED stage, which is expected to last through mid-2015.
Duqm Port Terminal Company (DPTC)

A joint venture between the Port of Duqm (10%) and OOC (90%), the Duqm Port Terminal Company has been established to develop the Bulk Liquids Terminal to be able to handle the prodigious volumes of liquid cargoes required by the Duqm Refinery and Petrochemicals Complex. The facility will be designed to accommodate ships of around 150,000 deadweight ton (DWT) capacity, bringing crude feedstock or loading refined products for export.

PMC and FEED tenders and technical evaluations were completed in 2013 with contracts being awarded in early 2014. The project is expected to enter the FEED stage in 2014, which is expected to last through early 2015.

Centralised Utilities Company (CUC)

The Centralised Utilities Company was formed as a joint venture between OOC’s subsidiary Takamul and Singapore’s Sembcorp Utilities. The 25-year agreement with SEZAD, signed in Nov 2013, gives CUC exclusive rights to provide all utilities to the industrial zone within the Duqm SEZ. The concept of centralised utilities offers industries with reliable utilities supplies, creating synergies, as well as the opportunity to benefit from economies of scale, and savings on investment and operating costs, thereby allowing businesses to focus on their core operations. The utilities to be provided will include steam, industrial gases, process water, and seawater for cooling purposes, captive power, distribution of natural gases and industrial waste water treatment. In addition, CUC will manage the utilities and service corridors within the industrial zone ensuring reliable supply and efficient operation to industries in Duqm.

The focus for CUC in 2014 will be to finalise agreements with the major investors in Duqm for outsourcing their utilities requirements to CUC as well as begin the FEED stage for seawater intake, which shall provide the basis for all water supplies to Duqm.

Oman Tank Terminal Company (OTTCO)

Oman Tank Terminal Company was established in 2013 to develop a crude oil storage facility at Ras Markaz. Located 70km south of Duqm, Ras Markaz has a potential storage capacity of up to 300 million barrels, making it one of the largest single storage locations for crude oil. With a natural depth of 32m, able to accommodate VLCC crude ships, Ras Markaz will provide a second export hub for Oman Crude Oil.

Detailed feasibility studies, including Metocean and Bathymetric surveys, were completed in 2013 and based on positive results, PMC tender was floated. PMC tender is expected to be awarded in 2014, following which the project tenders for the FEED stage shall be floated.

Oman Gas Company – Pipeline Projects

Oman Gas Company has embarked on projects to construct 3 vital pipelines to support the investments in Duqm and Markaz. The Duqm gas pipeline project has been approved by the Government to supply gas to the Duqm SEZ. 250 km of 36” diameter pipelines will supply natural gas from Oman’s central fields at Saih Nihayda to the major industrial and petrochemical consumers in Duqm SEZ. Major activities for 2014 shall include completion of FEED stage and award of the Line Pipes Supply Contract.

Proposals are also being considered to develop a crude pipeline to transport crude oil from Nahada to Ras Markaz storage terminals via Saih Nahada. A second 70km pipeline would be developed to transport crude from Ras Markaz to the Duqm Refinery. The crude oil pipeline projects are at an early stage of feasibility studies. The project is expected to enter the FEED tendering process, based on the outcome of the concept studies and the pipeline route survey currently in progress.
OMPET – Sohar Petrochemical Complex

A joint venture between OOC (70%) and South Korea’s LG International (30%), the Sohar Petrochemical Complex is being developed to produce purified terephthalic acid (PTA) and polyethylene terephthalate (PET) with ORPIC’s Aromatics plant providing feedstock. The project shall add significant value to the Sohar industrial zone while further diversifying Oman’s economy and creating downstream industry opportunities.

Major developments in 2013 included incorporation of a separate project company, completion of necessary legal and regulatory procedures and registration with the relevant ministries. In addition, PTA and PET technologies were evaluated and technology licensors were selected. Licensing agreements are expected to be finalised in 2014 following which the project shall enter the FEED stage, which is expected to last through the end of 2014.

Salalah Methanol – Ammonia Production

In 2013 Salalah Methanol Company (SMC) conducted feasibility studies to process hydrogen available from SMC purge gas to make ammonia. This will transform the purge gas from being used as fuel to creating ammonia that will be sold to downstream customers at a higher value. Based on positive results of the studies, the project is entering the FEED stage, which is expected to be completed towards the end of 2014.

Other Major Projects – OOC and Group Companies
OGC LPG Extraction (Salalah)

OGC has ambitious plans for growth by moving beyond its traditional focus on gas transportation and exploiting opportunities in the wider gas value chain. As a first step, OGC conducted a concept study to extract Liquid Petroleum Gas (LPG) from its gas network in Salalah. The Salalah LPG project is expected to produce 700-800 tons of butane and propane per day. These products will provide the necessary feedstock to additional petrochemical and plastics projects under development, creating an integrated downstream chemical industry. After completion of feasibility studies in 2013, the project is expected to enter the FEED stage in 2014.

Musandam Power Plant

In 2012 OGC initiated a project to build a 120MW power plant in Musandam. Electricity from the Governorate of Musandam’s first gas-fired power plant will serve the local communities using gas processed at the adjacent gas processing plant being developed by OOCEP. Major activities in 2013 included engagement with the Ministry of Oil & Gas and Oman Power and Water Procurement (OPWP) agency to finalise gas supply agreements and issuing of EPC tenders. Based on the evaluation and selection of the tender bids received, final bid to OPWP is expected in the second half of 2014.

ORPIC Projects

As part of its strategy to improve performance as well as add value to downstream activities, ORPIC has initiated three strategic projects. The Sohar Refinery Improvement Project (SRIP) aims to upgrade the refining capabilities as well as significantly improve the environmental performance of the Sohar Refinery, while raising production capacity for fuels, propylene and naphtha by 75 percent to meet the growing domestic demand.

The Liwa Plastics Project, alongside OMPET, will provide the base for the production of petrochemical added value products in Oman. The Liwa Plastics Project, which will be integrated into the existing Sohar refinery, Polypropylene and Aromatics units, will produce Polyethylene, Polypropylene and additional gasoline and benzene.

Finally, the Muscat-Sohar Pipeline Project is being developed to transport fuel products from ORPIC’s refineries at Mina al Fahal and Sohar to Muscat. The pipeline, to be developed in two phases, will dramatically cut fuel truck traffic: Phase one will include the construction of a pipeline between Mina al Fahal refinery and Muscat airport. This phase is expected to be commissioned in 2014. Phase two will involve the construction of a pipeline between Mina al Fahal refinery and Sohar Refinery as well as an intermediate storage facility in Muscat.
OOC is delivering on its promise to support community development with targeted CSR programmes. The company is harnessing the power of business to achieve sustainable economic, social and environmental development across the Sultanate.

OOC puts community welfare at the forefront of its priorities to serve more than business bottom lines. Its CSR strategy looks at the bigger picture of running a successful business chain that invests for the future of Oman and partners with public and private sectors to support economic growth and prosperity of the Omani people.

Unlocking potential for success
OOC’s CSR programmes aligned with the business model and objectives of OOC are designed to operate within a dynamic networking system that includes governmental and non-governmental partners. This will increase the human development index and actively contribute to sustainable social and economic development. At the core of the company’s success lies the ability to unlock the potential of employees and reflect that onto the Omani people at large with allocation of up to 3% net profit towards CSR initiatives.

Winning awards for winning initiatives
With a proven track record of award-winning achievements on both the business and CSR fronts, OOC was awarded the Sultan Qaboos Award for Voluntary Work in the corporate category. The win acknowledged the company’s continuous efforts to support CSR initiatives that elevate the quality of life in communities across the Sultanate.

The prestigious award was launched to encourage and underscore the role of voluntary work in serving as a de facto partner in Oman’s sustainable social development. It also encourages a spirit of constructive competition in serving the community and boosting a sense of social responsibility on a national level.

Leading CSR with a passion for people
As a responsible corporate citizen, OOC is dedicated to contributing to a robust Omani economy through investing and advancing local communities. Social commitment is a key element of the company’s strategy to develop targeted sustainable programmes to elevate the quality of people’s lives. This is achieved through the responsible conduct of business and voluntary outreach, bringing direct and tangible benefits to the communities where the company operates.
Through its subsidiaries, OOC proactively implements CSR programmes and initiatives that focus on three main mandates: Training for Employment, Entrepreneurship and SME Support, and Capacity Building. They cover several themes including sports, health, education and the environment.

Training for employment

Implemented in partnership with the Oman Society for Petroleum Services (OPAL), the programme provides employment opportunities for Omani talent and grooms them with technical and vocational skills to meet the needs of prospective employers. With an array of professionally recognised certifications designed to help the students enter the job market and guarantee a solid career path, participants are paired with mentors at local training institutes and reputable organisations for six months of training. As of December 2013, 150 Omani students successfully completed eight ‘Training for Employment’ programmes.

Entrepreneurship and SME support

Fostering leadership development across Oman, OOC is grounded in the belief that investment in entrepreneurs will help build a promising future. The Company partners with organisations that address education and employability requirements of local talent to thrive and contribute to the national economy. Two main initiatives to support SMEs include the Sharikati and Ghaytuh programmes.

Sharikati

OOC signed an agreement with Injaz Oman to support the implementation of the Sharikati programme in Sultan Qaboos University and Higher College of Technology. 26 OOC employees volunteered over 1,000 community work hours to support Injaz Oman in introducing students to company setup procedures. The training focused on how to start a company with all associated business activities, and it benefited more than 280 students.

Ghaytuh

The youth entrepreneurship programme Ghaytuh is an initiative developed by OOC in partnership with the National Centre for Career Guidance. It is designed to help school students build their entrepreneurship skills and develop original business ideas.

In its pilot year in 2012, 80 school students participated in full-month training in Muscat, while, in 2013, the programme expanded to cover Nizwa and Sohar with over 250 participants including students with disabilities. The training consisted of four pillars focusing on general business knowledge, practical training in a number of selected occupations, products and services development, as well as, marketing and sales skills.

Capacity Building

As part of OOC’s commitment to support the development of human capital in Oman, the company invests in training and offering educational opportunities for Omani youth to build the local economy and further improve the workforce.

Through dedicated educational workshops, capacity building is a significant addition to the company’s CSR agenda. It develops local consultants that are trained to build sustainable business chains. The capacity building programmes include Qudrat, My Job My Oath, Outward Bound Oman initiative and Al Wafa Social Centre diplomas.

Qudrat

The youth social responsibility project had participants undergo a course of structured lectures and presentations providing strategic planning, communications and advocacy skills to effectively contribute to the workforce. This programme focuses on building capacity, as well as instilling the values of volunteerism.

My Job My Oath

This is a one day awareness workshop conducted in a number of Governorates to build the capacity of people who recently joined the private sector and shed light on their role in building the nation. The programme covers topics related to career development, principles of a healthy work environment, increasing work productivity and Omani labour laws. More than 800 Omanis have benefited from the programme over the last two years.

Outward Bound Oman

OOC has been supporting Outward Bound Oman since 2012. The programme is designed to offer students exposure to key professional skills required by employers in Oman, ensuring they are well prepared to meet the needs of the market. Outward Bound Oman acts as a bridge between the world of education and the world of employment.

Special Education Diploma for Al Wafa Social Centre

OOC partnered with the Ministry of Social Development to support 21 special education diploma grants at Sultan Qaboos University. The two-year programme is offered to women working at Al Wafa Social Centre, who work closely with persons with disabilities. The programme is currently in progress and is expected to end by September 2014.
Takatuf Oman

Mission
Act as strategic business partner to develop and support implementation of sustainable Human Capital solutions to generate tangible value for clients.

Vision
Be recognised as the professional model of excellence in Human Capital Management, supporting business growth and talent development in Oman.

Takatuf was created in 2010 as a unit within OOC to fulfill OOC’s current and future human capital requirements. In a very short time, Takatuf has positioned itself as a leader in providing strategic HR solutions both in terms of HR policies and practices as well as in delivering training and development programmes. Based on that success, Takatuf was spun off as a separate business entity in 2013 to allow it to focus on solutions and projects relating to human resource and skills development catering to the wider energy industry within Oman. While the short term focus remains meeting the needs of OOC’s existing group of companies, the medium term objective is to develop the skills of the Omani workforce to be able to exploit the tremendous employment opportunities that will be created over the next 4-5 years through OOC’s mega projects.
Takatuf’s activities span across its two main objectives:

- Providing best practice human capital solutions supporting OOG and Group Companies
- Bridging the gap between the Omani educational system and the skills needed in the wider energy industry

2013 was an exciting year during which Takatuf continued to deliver several initiatives. In 2013, Takatuf initiated two strategic projects that will be vital for fulfilling the future needs of Oman’s Oil and Gas industry. Takatuf will develop a Center of Excellence, the largest technical training center together with Petrofac in Oman, with the aim of training Oman’s energy and energy-related workforce to international standards to train operators and technicians. Takatuf will also establish a center in partnership with Schlumberger for the development of engineers in the upstream business. Both these training centers will be established as joint ventures with established partners.

New initiatives for 2014 shall include development of an HR academy to further develop skills of HR professionals, a Project Management academy to develop the skills necessary to deliver the vast array of mega-projects on time and on budget and further progress towards development of a Model School.

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Last but not least, Takatuf took ownership of OOG’s In Country Value (ICV) portfolio in September 2013 to focus on maximising ICV and successfully implement ICV initiatives and opportunities across OOG. In-Country Value (ICV) forms part of His Majesty’s National Objective Programme of increasing and improving the sustainable employment of Omani nationals together with improving the incorporation of Omani goods and services. ICV is defined as the total spend retained in-country that can benefit business development, contribute to human capability development and stimulate productivity in the Omani economy. Three OOG group companies – OOCEP, Oman Gas Company (OGC) and ORPIC, participated in the development of the Oil and Gas industry ICV Oman Blueprint Strategy under the patronage of the Ministry of Oil and Gas. Takatuf’s ICV team shall be responsible to support OOG group companies and projects to maximise ICV in areas such as Omanisation in skilled jobs, local sourcing of goods and services, building up skills capacity and developing SMEs.

Implementation projects have been completed at OOG and OOCEP covering more than 300 staff members within the Operations & Maintenance disciplines and all the service functions (HR, Finance, Supply Chain) relevant to these businesses. Implementation projects at Alraj Energy and Oman Gas Company are due to kick off in Q1 2014.

Essentials of Management Programme: The Essentials of Management Programme was piloted in 2013. Aimed at developing essential skills of newly appointed supervisors to enable them to lead their teams better and progress through the leadership ladder, the programme was successfully delivered to 13 candidates. Based on its success in 2013, the programme will incorporate key findings and be delivered in wider scope with capacity to accommodate more number of candidates in the future.

Takatuf Scholars: The Takatuf Scholars Programme prepares Oman’s most talented young people for personal and professional success. This year 60 Takatuf Scholars from all over the Sultanate were joined by 12 students specifically recruited from Al Batinah N to participate in an integrated enrichment residential summer programme, followed by an independent learning phase in which they completed reflection and learning tasks to complement their Grade 12 studies. Ten of the top national scholars are offered Takatuf International Scholarships, and ten of the Al Batinah N scholars are offered Takatuf Orpic International Scholarships, both of which support two years of preparatory school and four years of undergraduate study.

Center of Excellence: The Center of Excellence is aiming to change the face of technical training in Oman. Through a partnership with Petrofac, a world leading training provider, the COE will introduce state-of-the-art training facilities and internationally accredited programmes delivered by highly qualified instructors, with an initial capacity of 1000 trainees. Construction on the project is expected to commence in 2014 after due legal process.

Oman Learning Center: The Oman Learning Center aims to fill a critical gap in current training capacity in Oman by training competent upstream engineers. The center is expected to be established in partnership with Schlumberger, a leading company in training upstream engineers. It will focus on the training and development needs of early and mid-career engineers. Similar to the COE, construction on the project is expected to commence in 2014 after due legal process.

Takatuf Significant Initiatives

Leadership Development Programme: The Takatuf Leadership Development Programme consists of two main streams, the Lead with Impact and the Emerging Leaders. Both are based on three main themes: development of leadership capabilities to create role-model leaders; understanding and using strategic frameworks in order to shape our future and fuel growth; and refining execution capabilities through learning business skills to ensure optimum results.

In 2013, The Leadership Development Programme completed its 2nd cycle. The programme ran one cohort of the Lead with Impact Programme and two cohorts of the Emerging Leaders Programme graduating a total of 64 candidates mostly representing Omani Oil Group Companies as well as some public and private sector companies.

Competency Framework Development:

The development of competency frameworks for OOG group company employees results in the development of well-structured Individualised Development Plans. These plans help to focus on areas for training and development and accelerate the time to autonomy for employees. The Competency Framework also supports Takatuf in planning for capacity and delivery of competency development programmes in the learning centers.
The Board of Directors (the “Board”) and the management of Oman Oil Company S.A.O.C (OOC) are committed to adopting, applying and continuously improving upon best in class, fit for purpose practices of corporate governance that promote ethical standards and individual integrity.

OOC’s governance model is based on four principal components: organisation structure, internal control systems, independent assurance, and disclosure through regular transparent reporting and communication.

OOC continues to focus its resources on further improving the components of its corporate governance model in order to safeguard and enhance shareholder value while at the same time protecting the interests of its shareholder, the Government of Sultanate of Oman, represented by the Ministry of Finance (the “Shareholder”) and other stakeholders.

OOC’s philosophy is to institutionalise good corporate governance practices as a key ingredient of its corporate culture. OOC recognises that compliance, transparency, disclosure, financial controls, risk management and overall accountability are the pillars of any good system of corporate governance.
Our business is streamlined along 3 Strategic Business Units (SBU) and our management team prides itself with a rich and diverse set of skills and experiences.

Organisation structure

Board of Directors

The Board is the highest governing body within OOC, and is responsible for the overall policy direction, supervision and control of OOC, including the oversight of the development, implementation and achievement of OOC's vision, mission, strategy and objectives.

The Board established the Audit Committee from amongst its members as a sub-committee of the Board to review and advise the Board on financial and risk matters and to strengthen OOC's internal audit function.

Executive Management

The Chief Executive Officer (“CEO”) is the highest executive officer and is principally responsible for the activities of OOC. The primary role of the CEO is to define the overall strategy to achieve OOC’s core business objectives.

In executing his responsibilities, the CEO is supported by the Deputy Chief Executive Officer, who performs the role of the CEO when the CEO is absent.

Executive Management Committee

The CEO has established a number of management-level committees to assist in the discharge of the CEO’s responsibilities, notably, the Executive Management Committee (“EMC”), which is comprised of the CEO, DCEO, Chief Financial Officer, Vice Presidents of the Upstream, Downstream and Emerging Businesses and the General Counsel.

The EMC assists the CEO in taking major strategic and operational decisions setting the strategic direction for the Group and allocating strategic resources (financial, talent, hydrocarbons). In addition, the EMC oversees OOC Group performance management and strategy execution, develops and implements group policies and ensures an active liaison, coordination and cooperation between business units to gain business synergies. The EMC also reviews and monitors the organisation structure of the Group and recommends change to improve performance.

Internal control systems

OOC aims to manage risk and control its business and financial activities in a cost-effective manner that enables it to exploit profitable business opportunities in a disciplined way, avoid or reduce risks that can cause loss, reputational damage or business failure, support operational effectiveness, and enhance resilience to external events.

Internal controls

The internal control framework is a collection of several policies, processes and procedures according to which the various business units and functions operate. It facilitates the effectiveness and efficiency of operations, helps ensure the reliability of internal and external reporting and assists with the compliance with applicable laws and regulations. The framework is constantly being improved, and will be further enhanced during 2014 as OOC introduces new policies and processes.

The framework is designed to manage rather than eliminate risk. Accordingly, the framework provides reasonable but not absolute assurance against material misstatement or loss.

The Board reviews the internal control framework periodically to ensure that it is fit for purpose.

OOC has developed several policies, processes and procedures, as part of its overall internal control framework to provide for a robust control environment. These include a manual of authorities to set out clear delegations of authority from the Board to management, a human resources policy detailing policies related to staff, benefits, employee welfare activities and employment standards. A tender policy and process is in place to ensure transparency, competitiveness and good governance in procurement and contracting, and a contract signing process ensures the necessary input and review by the relevant business units and functions prior to contract signing.

In addition, in 2013, the Board approved the following additional policies, further enhancing the system of internal controls: Enterprise Risk Management Policy; Internal Audit Policy; Revised Audit Committee Terms of Reference; Code of Business Conduct, including a whistleblower policy; and Accounting Policy.

Relationship with subsidiaries, associates and other investee companies

OOC adds value to its holdings by, amongst other things, promoting good corporate governance. OOC manages its subsidiaries and its interest in associate and other investee companies through active representation on the boards (or similar bodies) of such companies, which are responsible for overseeing the management of these companies.

OOC continuously reviews the performance of the companies on a regular basis and, through the board representation, is involved in material decision making.

Related party decisions

Given OOC’s structure and business model, there are transactions with related parties, e.g., subsidiaries, associate companies, the shareholder and various government owned entities. Any conflict of interests that occur are managed by internal governance structures and proper disclosure. Related party transactions are disclosed to, and, if required by applicable law, approved by the Shareholders at the Annual General Meeting.

Details of non-compliance by OOC

There were no material penalties, fines or sanctions imposed on OOC by any statutory authority in 2013.

Independent assurance

Internal and external audit

The Internal Audit Department and the statutory auditor serve as the primary means of independent assurance of financial and operational controls.

Internal audit

OOC’s Internal Audit Department (IAD) is led by the Group Audit Executive, who reports directly to the Audit Committee. The IAD is an independent, objective assurance function that provides on-going assurance to the Board and executive management on the adequacy and integrity of its internal control, risk management, governance processes and management information systems. The IAD regularly monitors and reports on the extent of compliance with established policies, plans, procedures...
and applicable laws and regulations, and recommends corrective actions, as needed.

Statutory audit
Deloitte are the appointed statutory auditors of OOC for fiscal year 2013. As per CMA the Code of Corporate Governance pertaining to the rotation of statutory auditors, as at the end of fiscal year 2013, Deloitte have completed three years as statutory auditors of OOC, and therefore, are not eligible for re-appointment as statutory auditors of OOC for the fiscal year 2014.

State audit
In addition to internal and statutory audits, OOC (and each of its subsidiaries and associates in which OOC holds more than a 40% interest) fall under the purview of the State Audit Institution, which conducts on-going audits of the full spectrum of business, financial and operational activities.

Communication and reporting
OOC is committed to managing open and regular reporting and other communications to the Board and the Shareholder. Periodic reports include updates on strategic objectives, budgets and plans, and portfolio performance results.

In the spirit of transparency and accountability, OOC published its first “Sustainability Report” in 2013, prepared in compliance with the guidelines of the Global Reporting Initiative. Starting in 2014, OOC will make certain sections of this Annual Report available to a wider public audience.
In line with our sustainability policy, the paper we have used for this report is Lenzing Impact. It is a carbon neutral paper produced from 100% recycled fibre. Manufactured without chlorine bleaching, high whiteness is achieved thanks to a special converting process for recycled fibre.
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